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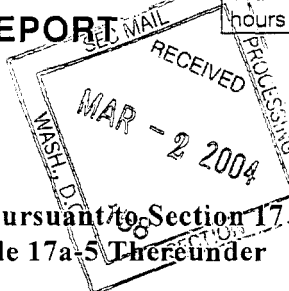
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SE COMMISSION
WASHINGTON, D.C. 20549

UF 3-17-04

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
Estimated average burden hours per response.....	12.00

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



SEC FILE NUMBER
8-36213

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Travis Capital, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

39 Market Street, Suite 200

(No. and Street)

Salt Lake City

Utah

84101

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Elliot R. Travis

(801) 355-4321

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lake, Hill & Myers

(Name - if individual, state last, first, middle name)

6695 South 1300 East

Salt Lake City

Utah

84121

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

PROCESSED

MAR 31 2004

THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SW

OATH OR AFFIRMATION

I, Edwin G. Svikhart, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Travis Capital, Inc., as of December 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

Vice-President

Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

TRAVIS CAPITAL, INC.
(A WHOLLY-OWNED SUBSIDIARY OF
TRAVIS AND COMPANY)

FINANCIAL STATEMENTS WITH
SUPPLEMENTAL INFORMATION

DECEMBER 31, 2003 and 2002

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► Lake, Hill & Myers

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

6695 South 1300 East
Salt Lake City, Utah 84121
Voice: (801) 947-7500 Fax: (801) 947-7609

INDEPENDENT ACCOUNTANTS' REPORT

February 6, 2004

To the Board of Directors of
Travis Capital, Inc.

We have audited the accompanying balance sheet of Travis Capital, Inc. (a wholly-owned subsidiary of Travis and Company) as of December 31, 2003 and 2002 and the related statements of operations, shareholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Travis Capital, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule's I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lake, Hill & Myers

TRAVIS CAPITAL, INC.

BALANCE SHEET

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Cash	\$ 17,512	\$ 14,105
Receivable from clients	5,118	12,913
Due from parent - income tax allocation	-	407
Office equipment, net of accumulated depreciation of \$35,540 and \$34,298, respectively	196	1,438
Due from related party	5,000	-
Other assets	<u>1,032</u>	<u>1,032</u>
	<u>\$ 28,858</u>	<u>\$ 29,895</u>
 <u>LIABILITIES AND SHAREHOLDER'S EQUITY</u>		
Liabilities:		
Income taxes payable	\$ 100	\$ 100
Due to parent - income tax allocation	1,074	-
Deferred income taxes payable	<u>577</u>	<u>2,169</u>
Total liabilities	1,751	2,269
Shareholder's Equity:		
Common stock, no par value, 100,000 shares authorized, 39,400 shares issued and outstanding	88,899	88,899
Additional paid-in capital	143,163	143,163
Accumulated deficit	<u>(204,955)</u>	<u>(204,436)</u>
Total shareholder's equity	<u>27,107</u>	<u>27,626</u>
	<u>\$ 28,858</u>	<u>\$ 29,895</u>

The accompanying notes to financial statements are an integral part of these financial statements.

TRAVIS CAPITAL, INC.
STATEMENT OF OPERATIONS

	<u>Year ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Revenues:		
Commissions and fees	\$ 17,490	\$ 65,996
Other income	<u>70</u>	<u>256</u>
Total revenues	<u>17,560</u>	<u>66,252</u>
Expenses:		
Payroll and related costs	-	7,050
Bad debt expense	692	1,767
Contracted services	5,780	46,948
Rent - related party	4,000	-
Other	<u>7,718</u>	<u>9,619</u>
	<u>18,190</u>	<u>65,384</u>
Income (loss) before income taxes	(630)	868
Income tax (expense) benefit	<u>111</u>	<u>(162)</u>
Net income (loss)	<u>\$ (519)</u>	<u>\$ 706</u>

The accompanying notes to financial statements are an integral part of these financial statements.

TRAVIS CAPITAL, INC.

STATEMENT OF SHAREHOLDER'S EQUITY

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Amounts</u>	<u>Paid-in</u>	<u>Earnings</u>	<u>Total</u>
			<u>Capital</u>	<u>(Deficit)</u>	
Balance, December 31, 2001	39,400	\$88,899	\$158,163	\$(205,142)	\$ 41,920
Distribution of capital	-	-	(15,000)	-	(15,000)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>706</u>	<u>706</u>
Balance, December 31, 2002	39,400	88,899	143,163	(204,436)	27,626
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(519)</u>	<u>(519)</u>
Balance, December 31, 2003	<u>39,400</u>	<u>\$88,899</u>	<u>\$143,163</u>	<u>\$(204,955)</u>	<u>\$ 27,107</u>

The accompanying notes to financial statements are an integral part of these financial statements.

TRAVIS CAPITAL, INC.

STATEMENT OF CASH FLOWS

	<u>Year ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net income (loss)	\$ (519)	\$ 706
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,242	1,808
Changes in assets and liabilities:		
Receivable from clients, net	7,795	(323)
Other receivables	-	5,000
Due from parent - income tax allocation	407	-
Deferred income taxes	(1,592)	62
Accounts payable and accrued liabilities	-	100
Due to parent - income tax allocation	<u>1,074</u>	<u>-</u>
Net cash provided by operating activities	<u>8,407</u>	<u>7,353</u>
Cash flows from financing activities:		
Due from related party	(5,000)	-
Distribution of additional paid-in capital	<u>-</u>	<u>(15,000)</u>
Net cash used in financing activities	<u>(5,000)</u>	<u>(15,000)</u>
Net increase (decrease) in cash	3,407	(7,647)
Cash at the beginning of the year	<u>14,105</u>	<u>21,752</u>
Cash at the end of the year	<u>\$17,512</u>	<u>\$ 14,105</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of these financial statements.

TRAVIS CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

Travis Capital, Inc. (a wholly-owned subsidiary of Travis and Company) (the Company) was incorporated in the state of Utah on January 10, 1985. The Company is an investment banking and financial consulting firm focused on corporate and project finance. The Company is also registered as a securities broker under the Securities Exchange Act of 1934. The Company does not hold funds for or carry accounts of customers and, as such, believes it was exempt from the Securities and Exchange Commission's Customer Protection Rule 15c3-3 throughout 2003 and 2002. Effective, January 1, 1999, all outstanding common stock of the Company was acquired by Travis and Company, a Utah corporation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Office equipment

Office equipment is recorded at cost. Depreciation is computed using the straight-line method based on estimated useful lives ranging from three to seven years.

Revenue recognition

Revenue from consulting services and commissions is recognized as the services are performed.

Income taxes

The Company recognizes a liability or asset for the deferred tax consequences of all temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. These temporary differences will result in taxable or deductible amounts in future years when the reported amounts of the assets or liabilities are recovered or settled. The Company is included in the consolidated tax returns of Travis and Company (the Parent Company). See Note 4 for discussion of the income tax sharing agreement with the Parent Company.

NOTE 2 - NET CAPITAL REQUIREMENTS:

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 (the Rule), which requires the maintenance of minimum net capital. The Company has elected to compute its net capital (as defined) in accordance with paragraph (a) (2) (vi) of the Rule, which requires that net capital be no less than 6-2/3 percent of aggregate indebtedness (as defined), and at least \$5,000. Aggregate indebtedness and net capital change daily, but at December 31, 2003, the aggregate indebtedness was \$1,751 and the net capital was \$17,412, which exceeded minimum net capital requirements by \$12,412. Aggregate indebtedness was 18 percent of net capital at December 31, 2003. At December 31, 2002, the aggregate indebtedness was \$2,269 and net capital was \$14,005 which exceeded minimum net capital requirements by \$9,005. Aggregate indebtedness was 45 percent of net capital at December 31, 2002.

NOTE 3 - SIGNIFICANT CLIENTS:

During the year ended December 31, 2003, one client accounted for 86 percent of revenues. During the year ended December 31, 2002, three clients accounted for 99 percent of revenues (each client was more than ten percent, and ranged from 11 to 50 percent). One of these clients is a related party as described in Note 5. At December 31, 2002, substantially all accounts receivable is due from one of these clients.

NOTE 4 - INCOME TAXES:

The income tax (expense) benefit consists of the following:

	<u>Year ended December 31,</u>	
	<u>2003</u>	<u>2002</u>
Current:		
Federal	\$(1,111)	\$ -
State	<u>(370)</u>	<u>(100)</u>
	<u>(1,481)</u>	<u>(100)</u>
Deferred:		
Federal	1,194	(45)
State	<u>398</u>	<u>(17)</u>
	<u>1,592</u>	<u>(62)</u>
Income tax (expense) benefit	<u>\$ 111</u>	<u>\$(162)</u>

Deferred income taxes result from temporary differences in the recognition of revenues and expenses for income tax and financial reporting purposes. The temporary differences are related primarily to reporting on a cash basis and using accelerated depreciation rates for income tax reporting purposes.

The Company is included in the consolidated tax returns of the Parent Company. Income taxes are determined as if the Company files its own tax returns. Intercompany allocations of income tax benefit (expense) are recorded as due from (to) Parent - income tax allocation in the accompanying financial statement.

NOTE 5 - RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2003 and 2002, the Company had revenues totaling \$674 and \$33,430 from a company in which the owner is also the owner of the Parent Company. This revenue is from a consulting agreement the Parent Company had with this related company beginning August 1, 1999. Also during the year ended December 31, 2003, the Company paid rent totaling \$4,000 to this related company. At December 31, 2003, the Company has \$5,000 due from a related party. This amount does not bear interest and is due on demand.

NOTE 6 - REPORT ON INTERNAL CONTROL:

In accordance with certain rules of the Securities and Exchange Commission, a report on the Company's internal accounting control was furnished to the Commission. A copy of the report is available for examination at the Company's office or at the regional office of the Securities and Exchange Commission.

TRAVIS CAPITAL, INC.
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1
DECEMBER 31, 2003

COMPUTATION OF NET CAPITAL

Total shareholder's equity	\$ 27,107
Add deferred tax liability related to accounts receivable and accrued liabilities	1,651
Less nonallowable assets and other deductions	
Accounts receivable, net	5,118
Office equipment, net	196
Other assets	<u>6,032</u>
	<u>(11,346)</u>
Net capital	17,412
Less net capital required, the greater of 6-2/3 percent of indebtedness or minimum net capital of \$5,000	<u>(5,000)</u>
Excess in net capital	<u>\$ 12,412</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required	\$ 5,000
Percentage of aggregate indebtedness to net capital	18%
Ratio of aggregate indebtedness to net capital	0.18 to 1

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities and aggregate indebtedness	<u>\$ 1,751</u>
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Schedule III

TRAVIS CAPITAL, INC.
RECONCILIATION PURSUANT TO RULE 17a-5(d)(4)
DECEMBER 31, 2003

A reconciliation of the computation reflected on Schedule I and the computation previously reported by Travis Capital, Inc. is as follows:

	<u>Ownership Equity</u>	<u>Nonallowable Assets</u>	<u>Other Allowable Credits</u>	<u>Net Capital</u>
As previously reported	\$33,346	\$18,103	\$ 151	\$15,394
Adjustments	<u>(6,239)</u>	<u>(6,757)</u>	<u>1,500</u>	<u>2,018</u>
As reported herein	<u>\$27,107</u>	<u>\$11,346</u>	<u>\$1,651</u>	<u>\$17,412</u>

► Lake, Hill & Myers

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

6695 South 1300 East
Salt Lake City, Utah 84121
Voice: (801) 947-7500 Fax: (801) 947-7609

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5(d)(4)

February 6, 2004

To the Board of Directors
Travis Capital, Inc.

In planning and performing our audit of the financial statements of Travis Capital, Inc. for the year ended December 31, 2003, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5 (g) (1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Travis Capital, Inc. that we considered relevant to the objectives stated in Rule 17a-5 (g), in making periodic computations of aggregate indebtedness and net capital under rule 17a-3(a) (11) and in determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company, (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred above, errors or irregularities may occur and may not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above. In addition, no facts came to our attention indicating that the exemptive provision of Rule 15c3-3 had not been complied with during the year.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our consideration of the internal control structure, we believe that the Company's practices and procedures were adequate at December 31, 2003 to meet the Commission's objectives.

This report is intended solely for the information and use of management, the Securities and Exchange Commission and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and is not intended to be used and should not be used by anyone other than these specified parties.

Lake, Hill & Myers